



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

BOOK REVIEWS.

An Introduction to Political Economy. By RICHARD T. ELY. New York: Hunt and Eaton, 1891, 8vo. pp. 358.

Outlines of Economics. By RICHARD T. ELY. Ibid., 1893, 8vo. pp. 10 + 432.

DR. ELY became a prominent figure on the stage about ten years since, as the preacher of a new dispensation in political economy. At a German university he had been profoundly impressed with the many shortcomings of Ricardo and his school, and returned to his own country with the announcement that a new school of political economy, known as the historical and statistical, had arisen to supplant the old. He became a leading spirit in the formation of the American Economic Association, which he intended to be a sort of church, requiring for admission to its full communion a renunciation of ancient errors, and an adhesion to the supposed new creed. He speedily became one of the most voluminous and widely read writers of our country, espousing the cause of the down-trodden laborer, denouncing the British doctrine of *laissez faire*, pointing out the excellence of state participation in industry, and dealing so tenderly with current notions that his writing and opinions rapidly acquired popularity. As a church, or even as a new school, his organization proved unsuccessful, partly from want of the opposition necessary to the healthy growth of such an institution, and partly from his own failure to show that there was anything really new in the ideas or methods of his would-be new system.

Naturally he found no one who objected to historical inquiry, or refused the lessons of statistics. In fact, we had among us, in the person of David A. Wells, one who might fairly be called the father of the statistical method in economics, so far as this country is concerned. He had commenced his career as a United States commissioner, whose duty it was to apply his well-known scientific abilities to the question of how the government could best raise a war revenue by taxation. Uncontaminated by the theories of any school, he studied exhaustively the facts and statistics of commerce and manufactures in

all their details, and whatever conclusions he reached were founded on that study. A better example of the statistical method could not have been found. Our readers can judge as well as we by what curious turn of the logic of events it happened that Dr. Ely failed to throw himself at the feet of his great exemplar.

With no one to object to this method of research it now behooved Dr. Ely to show how he could develop a science of economics by statistical and historical inquiry, and in what respect he would deviate from the beaten track in a systematic study of the subject. For several years he kept his readers in the dark on this point, confining his writings to articles and books of a descriptive character. But within the past four years we have had two books which supply this want; one written with a special view to its use by the Chautauqua school, and the other the more recent "Outlines" of the subject.

To judge of these books we must point out what is most wanted in economic teaching of the present time. The whole development of the nineteenth century has tended to emphasize the importance of a clear understanding of the workings of the social organism on the part of the intelligent public. The industrial revolution of the century, going on with ever-increasing rapidity, leads us to anticipate a period, not far in the future, when a large part of the more widely used necessities of life will be manufactured in a few great establishments, whose operations will be more or less open to the public gaze. These establishments will combine together and secure such a monopoly of the market as to cause a constantly increasing demand, reasonable or foolish, for their government ownership or control. The increasing efficiency of legislation will make action in this direction constantly easier. The whole social organism will then be in the position of an individual who has acquired the faculty of changing or stopping his own vital operations according to his own judgment, at the imminent risk of self-destruction. With politicians and legislators ever forced to yield their own opinion of what is best, to that of the public at large, it is most necessary that the latter should be able to form an intelligent judgment of the consequences of their acts. We might almost state in one sentence the whole purpose of economic study by saying that it is to enable the public to foresee the consequences of economic legislation.

Inquiring how the public is now educated on these questions, we find it to be mainly through the daily newspaper. Efficient though

this agency is, it needs hardly to be pointed out that it is so superficial as to be useless. The first conditions of a really effective education are an appreciation of the lessons of the past, a careful study of fundamental principles, and a constant regard to the interests of the future. But to the typical journalist of our time yesterday is forgotten, or in his own expressive language, is "a back chapter," and tomorrow is left to take care of itself. Even for today he is forced to repudiate everything involving careful thought or deliberate study, because, to reach any results in this way, yesterday and tomorrow must join their hands with today.

It is to our educational institutions that we must look for the only corrective to this superficial education. At a time when every breed of vagary is roaming unchained, it is especially necessary that the education in economics shall be of a kind suited to the conditions we have described. Principles, not doctrines, should be the motto of the teacher. The study and discussion of the laws of money should take precedence of all questions about bimetallism or monometallism. The study of the tariff should be conducted, so far as possible, with a view to its consequences, and without any direct reference to the policy of free trade or protection. Clear, cogent, and luminous statement, the faculty of analyzing economic causes, and working out their effects, the capacity to consider these causes one by one, and show first how they act singly, and then how they are combined—these are the leading requirements of the economic teacher. We can best judge how far Dr. Ely's educational works fulfill these conditions by considering, in the order of their importance, the subjects that should be enforced.

First in this order will come the laws of supply and demand. These permeate every branch of industry and trade, and are therefore justly regarded as forming the foundation of the study. How important a place they occupy in the scheme of one who is perhaps the ablest and clearest writer on the subject our generation has produced may be judged by the prominent part they occupy in Professor Marshall's monumental work, where more than half the volume is occupied with considering (1) demand, (2) supply, and (3) the theory of their equilibrium. The importance arises from the fact that when they are fully understood a great step is taken toward correcting the theoretical errors on which the policy of our labor organizations is based.

In Dr. Ely's latest book we have to search carefully to find even

an allusion to these fundamental principles. But we do find within a space of eighteen pages, a development of the theory of utility and value, so much better adapted to the use of the student than anything else that ever came from our author's pen that we cannot but deplore the seemingly sporadic character of the inspiration which prompted it. The laws of supply and demand are to a certain extent implicitly contained in this brief explanation, and nowhere else. But no attempt is made to develop them, or to point out their consequences. The most careful ordinary reader may leave this chapter and lay down the book without any idea of their mode of action. To this it might be answered that in the space of four hundred pages it is impossible to adequately develop any one branch of the subject. But apart from the question whether one-half the book is fitted to inform the mind of the reader, we find several chapters on subjects which can have no element of really educational value. Such we hold to be the forty pages devoted to socialism and the relation of industry to the state. What we mean may be clearly seen in the following extract from the chapter relating to socialism. After pointing out the good points of this system he continues:

At the same time it must be said that the socialists have been most unfortunate in a large proportion of their public representatives, especially of their noisiest representatives, who have secured the largest amount of attention. Some of them have been vicious men, and many of them have been bitter and vindictive. Needless animosity has been aroused and class hatred nourished. The cause of progress has thus been seriously injured. Furthermore, a number of questions having no connection with socialism have been, even by socialists, not infrequently associated with it. Infidelity and free love may be mentioned. Of course these have nothing to do with socialism. Socialism has done harm on account of the manner in which it has been too frequently presented, and it has also accomplished good, but the best effects of socialism have been its indirect and not its direct consequences.

Everyone will admit that this is very good reading, but we cannot imagine anyone claiming that it has any educational value, or is worth half a page in a condensed text-book.

As another example we may take what Professor Ely says on the subject of fiat money. After describing this money he states his conclusions concerning it in a paragraph which, in order to avoid any possible injustice, we must give in full.

The proposition to create this fiat money has been unduly ridiculed. There is nothing theoretically absurd about this proposition, provided the supply of the fiat money be limited. The possibility of the circulation of such fiat money is conceded by economists generally. All that is necessary to make

people accept money is confidence that it can be passed on, and provided the supply is limited this confidence can be based on the power of government to enforce a legal-tender act as well as on its power to redeem a note for dues. But while the opponents of fiat money have often been superficial in their arguments they seemed to have reached right conclusions. The dangers which have been mentioned in connection with paper money in general become intensified in the case of irredeemable paper money, because the safeguards of redemption are missing. If the paper is always kept at par there would seem to be nothing gained by the irredeemable characteristic ; if it is not kept at par inconveniences at once result, and it is difficult to set a limit to the issue. A general desire to rob the creditor class is likely to be awakened.

No one can claim that the student who should learn this, and a thousand similar passages, by heart, would be any better fitted than he was before to point out to a victim of the money craze now prevalent the defects in his way of thinking. No principle is developed, no cause analyzed, and no effect pointed out.

The two extracts we have given seem to us fair specimens of a large part of Dr. Ely's latest and best book. We might multiply them so as to include one-half, or perhaps three-fourths of the work, without finding anything of much greater educational force, or better fitted to train the mind in economic reasoning. In saying this it must be clearly understood that we make no charges of vicious doctrine. No serious objection can be made to his impartiality in stating either theories or historic facts. Indeed the opening chapters of his book, while not free from occasional remarks and conclusions to which objection could be taken, seem to us, on the whole, a very valuable outline of economic history, distinguished from most of the author's previous writings, in that he deals principally with actual facts and not with opinions. The same favorable judgment may be formed on almost the entire descriptive portion of the work. But for practical purposes all historical and descriptive knowledge of the subject should be regarded as introductory or supplementary to the great purpose of training the mind of the student in sound methods of reasoning about the action of causes in the economic world. With the single striking exception we have already noted, it seems to us impossible to read the book without being profoundly impressed on almost every page with the absence of those powers of analysis and logical reasoning which form the fundamental requirements in a teacher of a scientific subject. Scarcely anywhere does the author go below facts into guiding causes, or see clearly the difference between a platitude and a principle. He does not teach the student how to think or analyze. He even seems

to avoid those branches of the subject best fitted to interest the student in exercising his powers of analysis and observation. For example, the whole subject of banks, banking, and currency is passed over so rapidly and superficially that one can hardly see why it was mentioned at all. What is now called "Economics" is so lightly touched that the very title of the work is a misnomer.

SIMON NEWCOMB.

Economic Legislation of all the States. The Law of Incorporated Companies Operating under Municipal Franchises. By ALLEN RIPLEY FOOTE. vol. i. Cincinnati: 1892.

WE are not concerned in this review with the purely legal part of the work under consideration, which, being the result of the combined labors of many legal students, will necessarily command the deserved respect of the profession. It is the author's promise of "a suggestive discussion of the economic principles involved" in the burning problems of the day that excites the interest of the economist; and, we are pleased to say, the discussion proves really suggestive of the tendencies and aspirations of an industrial class to which the legal profession of our day is what the *légistes* were to the growing royal power in feudal France. The arguments of the author are those of a thoroughly equipped American lawyer, whose virgin mind has never departed from the straight and narrow path of legal wisdom to wander abroad over the disputed ground of economic theory. To those who have given in their adhesion to the teachings of the historical school in political economy it may be pleasing to learn "that those below the average man in intelligence cry out for a more just distribution of wealth" (p. 26). To us, however, this ingenuousness appears to be the great advantage of the author. He speaks out what he thinks, without couching it in too ambiguous phraseology, as would one versed in current economic discussion. His is an undisguised plea of a corporation lawyer in behalf of private industrial monopoly. Of course the instrument is drawn with due regard for the prejudices of the masses. The "wage-workers" are appealed to at every critical point of the discussion; a lance is cleverly broken against "alien property owners." The style is solemn, like the language of a lawyer addressing the jury:

In the sacred court of eternal justice he who is found willing to procure property at the expense of character will be obliged to pay the full price of